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MEMORANDUM

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NSC review completed.

THE WHITE HOUSE

WASHINGTON

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June 23, 1981

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD V. ALLEN *RA*

SUBJECT: Your Meeting with Australian Prime Minister
Malcolm Fraser on June 30, 1981

INTRODUCTION

Meetings with the Australians are trickier than they appear to be. The main reason for this is that although Australia is a Western democracy, holds free elections, and has two major parties, there is virtually no bipartisanship between the in's and out's in Australian politics. Fraser's every move in Washington will be reported by the active Australian press, and the opposition will be poised to exploit any gaps perceived between us.

By any standard we might care to apply, Malcolm Fraser has been extraordinarily supportive of United States policy over the past two years. In a recent and unsuccessful protest, the Soviets accused the Australians of taking the hardest anti-Soviet line of any Western nation in the wake of Afghanistan. A great deal of this would change if the Fraser government were to be replaced by the Australian Labor Party, particularly while it is under the leadership of Bill Hayden. An NSC staffer had dinner last week with Hayden's "shadow" Foreign Minister, Lionel Bowen, and was appalled by his naive and pusillanimous policies.

It is, thus, extremely important that Fraser be seen in Australia as someone who has access to you as a valued ally who is listened to with respect.

Above and beyond this, it would be extremely helpful if we could make a gesture of appreciation to Australia for all they are doing and all that we want them to do (participate in the Sinai Peacekeeping Force). Australia would like very much to be included in the annual economic summit meetings. Their point is that they are as great an economic power, if not greater, than Canada or Italy. Our European allies shy away from any expansion of the summit, but any exploratory efforts we might make in this direction would be highly effective in showing our appreciation for what Australia represents, as a strong and effective ally, and for what Fraser has done as an individual.

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Acting Secretary Stoessel's paper to you, which is attached, is effective in laying out our objectives for the meeting. They are:

- To express appreciation for Australia's support against the Soviets.
- To stress the importance of the Multinational Force in the Sinai and our strong hope that Australia will participate.
- To express our sympathy for the impact of the extra-territorial application of United States anti-trust laws into Australian affairs.
- To assure Fraser that we are deeply concerned with the establishment of good economic relationships with developing countries.
- To reassure him that we are committed to nuclear non-proliferation and arms control.

Points to be covered with regard to these major issues are as follows:

With regard to Australian support in response to Afghanistan, we have nothing but praise and thanks to offer.

- Fraser has deployed ships to the Indian Ocean.
- He has concluded B-52 transit arrangements.
- He has offered to homeport a United States aircraft carrier.
- Fraser is very anxious that Australia be consulted in advance on any major moves we might take in response to a Soviet attack into Poland. Your reassurance to him on this point would be highly appreciated.

We have asked the Australians informally to contribute to the Sinai Multinational Force (MFO). Fraser personally favors such a move but is opposed by the press and many other influential groups in Australia.

- Fraser may say that he will make a symbolic contribution to MFO. If he does, we should express gratitude publicly as this gesture will be made at high political cost to him.

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The extraterritorial application of United States laws is nagging, contentious and extremely complicated.

- You might do well by raising the issue with Fraser, telling him that you are aware of his concern and charging the Attorney General to move expeditiously to seek a solution to this problem.

Fraser plays a key role in fostering progress among the less developed countries and will host a Commonwealth Summit Meeting in Melbourne in September. He may feel that the United States is becoming less interested in the so-called North/South relations.

- Assurance from you that we are concerned with the development of good relations with the poorer countries would be highly appreciated.

The Australians would also welcome reassurance from you that we are continuing to support nuclear non-proliferation. Fraser has been strongly supportive of the Comprehensive Test Ban Treaty, but not of SALT II.

Finally, your agreement to look into Australia's inclusion in subsequent economic summit meetings would be most welcome. Australian membership was sought by Japan in 1979 but was greeted with opposition or at best lukewarm support on the part of the other summit leaders. Australia has valid claim to inclusion in these meetings.

- Its natural resources will become increasingly important in the 1990s and 21st century (some economists are already referring to Australia as "the Saudi Arabia of the 21st century").
- The triangular relationship among Japan, Australia and the United States is the framework within which the Pacific Basin community will evolve.

A final word, Fraser tends to be stuffy and overbearing (think of George Sanders at his worst). Nevertheless, Fraser will be comfortable with your world view (as he was not with your predecessor) and is someone, like Lee Kuan Yew, with whom you can talk with complete candor about the strategic problems the Free World faces.

RECOMMENDATION

That you use the attached talking points in your meeting with Prime Minister Fraser.

Attachments

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